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To: County Superintendents of Schools, County Auditors, and County Treasurers

From: Janet Sterling, Director
School Fiscal Services Division

Subject: 2002-2003 Advance Apportionment

This letter is to advise you of the Advance Apportionment for elementary, high, and unified school districts, charter schools and county offices of education for the 2002-2003 fiscal year. The total Advance Apportionment is \$19,873,416,205.

In the absence of a signed state Budget Act for 2002-2003, this apportionment is funded pursuant to the minimum guarantee set forth in Article XVI, Section 8 of the California Constitution (Proposition 98).

As provided in *Education Code* Section 41330, the 2002-2003 Advance Apportionment is based on the 2001-2002 Second Principal (P-2) Apportionment state aid, which is then increased to reflect estimated growth and inflation.

Because the Advance Apportionment is developed using past year state aid amounts, and estimated 2002-2003 growth rates, local educational agencies (LEAs) will be apportioned in the months July through January either more or less than their final actual entitlement would have provided for that same period. The difference will be resolved through updates at the subsequent 2002-2003 First, Second, and Annual Apportionments. LEAs should budget accordingly.

Enclosed are the calculations for the Advance Apportionment, Exhibits B, C, C-CH and M, and a list of the staff of the School Fiscal Services Division (SFSD) to assist you if you have questions regarding the apportionment.

For your convenience, a copy of this letter and noted exhibits are available on SFSD's Internet web site under Principal Apportionments at www.cde.ca.gov/fiscal/.

Calculation of the 2002-2003 Advance Principal Apportionment

The Advance Apportionment for 2002-2003 is based on a statutory derivation pursuant to *Education Code* sections 14002 through 14007 and 41301. The following provides specific detail regarding the calculation of funding for each program.

School District Revenue Limits

The state aid portion of the revenue limit for each district was calculated using the most current estimate of state aid from the California Department of Finance (DOF). To tie to that number, the 2001-2002 Second Principal Apportionment (P-2) total amount for each district was adjusted as follows:

1. The state aid calculated at P-2 was used prior to the amounts added for supplemental instruction (core and remedial), pupil promotion and retention and low STAR supplemental instruction, K-4 intensive reading, grades 7-8 intensive algebra instruction, apprentice, and community day school. The amount for class size penalties was then subtracted from the state aid amount.
2. A factor of 0.98482131 was applied to the P-2 state aid amount for each district. DOF's state aid estimate reflects an increase to projected local revenues, which is the primary cause of the reduction to the factor. (Basic aid districts received no increase to the state aid portion of the revenue limit.)
3. The P-2 amounts for supplemental instruction (core and remedial), pupil promotion and retention and low STAR supplemental instruction, K-4 intensive reading, grades 7-8 intensive algebra instruction, and community day school were increased by a 1.0166 cost-of-living adjustment (COLA) and added to the state aid portion of the revenue limit determined per step 2 above.
4. The P-2 amounts for apprentice education and class size penalties were added to the state aid portion of the revenue limit determined per step 2.

The apportionment also includes funding adjustments for charter schools funded through revenue limits at P-2 that must now convert to the charter school funding model pursuant to *Education Code* Section 47630.5.

County Offices of Education

The state aid portion of the revenue limit for each county office of education (COE) was also calculated using the most current estimates from the California Department of Finance. To tie to that number, the 2001-2002 P-2 state aid for each COE was adjusted as follows:

1. The P-2 state aid portion of the revenue limit calculated for each county was reduced by the amounts received for special education, county community school, and NPS/LCI flow-through, apprentices, supplemental instruction, adult education, and community day school.
2. A factor of 1.16919371903 was applied to the remaining P-2 state aid amount.
3. The P-2 amounts for special education, county community school, and NPS/LCI flow-through were increased by a COLA factor of 1.02; supplemental instruction and community day school were increased by a COLA factor of 1.0166. These amounts were added to the state aid portion of the revenue limit per step 2 above.

4. The P-2 amounts for adult education were increased by a factor of 1.0573 and added to the state aid portion of the revenue limit per step 2.
5. The P-2 amount for apprentice education was added to the state aid portion of the revenue limit per step 2.

Charter School Funding Model

The apportionment for charter schools funded through the charter school funding model was developed using the most current estimates from the California Department of Finance (DOF) and the 2001-2002 P-2 state aid as a base. The state aid portion of the advance apportionment for each charter school was calculated as follows:

1. A factor of 0.98482131 was applied to the P-2 state aid amount for each charter school.
2. The P-2 amount for supplemental instruction was increased by a COLA factor of 1.0166 and added to the adjusted state aid amount. This is applicable only to those charters that were funded *directly* at P-2. Supplemental instruction funding is included in the advance apportionment of the authorizing district for each eligible charter school that was funded *locally* at P-2.
3. The advance apportionment includes the P-2 amount for categorical block grant funding which was based on P-2 ADA and disadvantaged pupil counts. As part of the State's budget negotiations, changes are being proposed to *Education Code* Section 47634.5, which authorizes DOF to compute the annual percentage change to the categorical block grant per-ADA rates. DOF will provide the final percentage change pending the outcome of budget negotiations, and this will be reflected at P-1.

The apportionment includes funding for charter schools that must now convert to the charter school funding model pursuant to *Education Code* Section 47630.5.

The apportionment also includes funding adjustments to charter schools that had received overpayments of state aid for the 2001-2002 fiscal year due to changes in the block grant rates, ADA, local revenue, and adjustments to prior years. The overpayment for the charter school is an amount owed back to the state and, as part of recouping this amount over the entire year, is reflected in the advance apportionment. This adjustment will continue in the charter school's subsequent apportionments until the state recovers the full amount owed. The overpaid amounts are separately displayed on the Exhibit C and Exhibit C-CH.

Special Education Allowances

The apportionment for the Special Education program was prepared using the 2001-2002 P-2 Apportionment as a base. The following factors were multiplied by the base to calculate the state aid portion of the Special Education Apportionment.

1. A factor of 0.9940916685 was used for the AB 602 Special Education Ages 3-21 Program. This factor reflects an increase to projected local revenues and Federal IDEA Part B funds.
2. A factor of 1.046 was used for the Special Education Infant Ages 0-2 Program.

Handicapped Pupils Attending ROC/Ps

The apportionment for Handicapped Pupils Attending ROC/Ps was developed using the 2001-2002 P-2 Apportionment for each district and county office as a base. The amount for each district and county was increased by a factor of 1.038.

Gifted and Talented Education (GATE)

The apportionment for GATE was developed using the 2001-2002 P-2 Apportionment as a base and applying a factor of 1.03396185007. Please note that the GATE funding calculation has changed as a result of Assembly Bill (AB) 2313 (Chapter 748, Statutes of 2000). Per AB 2313, funding for all districts is based on P-2 prior year ADA. Districts with fewer than 1,500 ADA will receive an amount no less than the amount received in the Annual 1998-1999 apportionment.

Adult Education Block Grant

The apportionment for the Adult Education Block Grant was developed using the 2001-2002 P-2 Apportionment data as a base. The amount for each district and county office was increased by a factor of 1.0573.

Regional Occupational Centers and Programs (ROC/Ps)

The apportionment for ROC/Ps was developed using the 2001-2002 P-2 Apportionment amount for each district and county office as a base. The amount for each district and county was increased by a factor of 1.0544.

Schedule of Controller's Warrants Through January 2002

School Districts Other Than Districts with Less Than 5,000 ADA in 1979-1980 and 39 Percent or More of Total Revenue Limit from Local Taxes in 1979-1980, and Classes Maintained by County Superintendents

Education Code Section 14041(a)(2) provides that the warrants from the State Controller for amounts allowed to school districts and county school service funds for classes maintained by the county superintendent of schools and to the county school tuition funds shall be equal to 6 percent in July, 12 percent in August, and 8 percent in September, October, November, December, and January of the amount certified as the Advance Apportionment.

School Districts with Less Than 5,000 ADA in 1979-1980 and 39 Percent or More But Less Than 75 Percent of Total Revenue Limit from Local Taxes in 1979-1980

Education Code Section 14041(a)(7) provides school districts, which in 1979-1980 received 39 percent or more (but less than 75 percent) of their total revenue limit from local taxes and had less than 5,000 ADA, shall receive 15 percent in July, August, September, and October, zero percent in November and December, and 6 percent in January of the amount certified as the Advance Apportionment. Districts which qualified under *Education Code* Section 14041(a)(7) are identified in Exhibit C by an asterisk (*) in the Total Column on the right side of the page.

School Districts with Less Than 5,000 ADA in 1979-1980 and 75 Percent or More of Total Revenue Limit from Local Taxes in 1979-1980

Education Code Section 14041(a)(8) provides school districts, which in 1979-1980 received 75 percent or more of their total revenue limit from local taxes and had less than 5,000 ADA, shall receive 15 percent in July, 30 percent in August and September, 15 percent in October, zero percent in November and December, and 6 percent in January of the amount certified as the Advance Apportionment. Districts which qualified under E.C. Section 14041(a)(8) are identified in Exhibit C by two asterisks (**) in the Total Column on the right side of the page.